APPENDIX B

PERSONAL INCOME TAX TABLES
FOOTNOTES

1. Includes resident data only. May not be comparable to 1989 and prior years, which include resident, part-year resident, and nonresident return data. For comparison purposes, data results are displayed with both the pre-modified and modified methods.

2. The sampling method was modified for 1994 and subsequent years to improve the reliability and precision of estimates. The improved method induced minor changes in the estimates. For comparison purposes, data results are displayed with both the pre-modified and modified methods.

3. Starting in 1982, non-residents and part-year residents computed their tax on their total income and apportioned tax based on their California income. In prior years, the tax was based on California taxable income. Because of this change, adjusted gross income is not strictly comparable to 1982 and prior years.

4. Taxable income for 1967 and subsequent taxable years is not comparable to earlier years. In 1967, exemption credits were substituted for exemption exclusions, and taxable income was redefined as adjusted gross income less deductions rather than adjusted gross income less deductions and exemption exclusions.

5. Net sale of capital assets changed significantly in 1987 from prior California law (1972-1986). Due to the enactment of the Tax Reform Act of 1986, the entire amount of capital assets post-1986 is included in gross income. Gains are also realized on income from collections on pre-1987 installment sales. Beginning in 1987, capital losses from carryovers and carrybacks are fully deductible against capital gains. Up to $3,000 ($1,500 Single and Married Filing Separately) of excess capital loss is deductible against ordinary income. California has conformed to federal holding period rules with regard to long- and short-term gains and losses. California has also enacted a separate credit for gains from the sale of residential rental or farm property.

6. Personal exemption credit increased for 1978 and subsequent years and, therefore, is not comparable to that of earlier years.

7. California adjustments include adjustments to federal income. These include items such as unemployment compensation, social security benefits, various California interest incomes, railroad retirement benefits, California lottery winnings, IRA distributions and net operating loss carryovers.

8. When an individual return reported income from two or more sole proprietorships, all of the proprietorship incomes, profits and losses were combined and the resulting net profit or loss was recorded.

9. When an individual return reported income from two or more partnerships or S Corporations, all of the partnership and S corporation incomes, profits and losses were combined and the resulting net profit or loss was recorded.

10. All other federal income sources include net income for the disposition of non capital assets, alimony received, miscellaneous income sources, social security and unemployment income, income from state and local income tax refunds, and taxable IRA income. It also includes net losses from miscellaneous income and from noncapital assets.

11. Includes contributions to both Individual Retirement Accounts and to Spousal Individual Retirement Accounts.

12. Amounts listed are self-assessed before audit. Because of major differences between federal and state law regarding deductible contribution limitations, actual amounts after audit reveal that these figures are generally overstated.

13. Total adjustments include amounts for IRA exclusion, moving expense, alimony paid, half self-employment tax, self-employed health insurance plan exclusion, self-employed retirement plan exclusion, and the penalty on early withdrawal of savings.

14. ‘Total Contributions’ is less than the total of cash, noncash and carryover contributions because of the tax code requirement limiting contribution deductions that exceed a certain percentage of adjusted gross income.

APPENDIX B

PERSONAL INCOME TAX TABLES
FOOTNOTES
(continued)

15. All other deductions include unreimbursed employee expenses, union dues, employment education expenses, handicap repairs, gambling losses and other miscellaneous deductions that exceed two percent of adjusted gross income.

16. Services consist of Professional Services, Personal Services, and Other Services. Professional Services include medical, dental and other health services; legal services; accounting, auditing and bookkeeping services; educational services; and engineering and architectural services. Personal Services include laundry, cleaning and dyeing establishments; barber and beauty shops; photographic studios; and funeral services and crematories. Other Services include lodging and recreational services; and automotive and other repair services.

17. Derived from all income sources, not just business income.

18. Data for Alpine County were aggregated because most categories of income have fewer than ten (10) returns.

19. Resident returns filed with an out-of-state address.

20. Unable to determine county of residence from tax return.

a. Data are not shown for table entries with small numbers of taxpayers but are included in the appropriate totals.

b. Data are not available.